

The International Conference
“The Role of the Financial Sector in Promoting Economic Growth in Asia”

*Session II The Current State of the Financial Sector and the
Regulatory Framework in Asian Economies*

The Current State of the Financial Sector and the
Regulatory Framework in Asian Economies:
The Case of Thailand

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Abstract

Financial sector development in Thailand in the last ten years or so has been a story of restructuring, adjustment, and renewal. The reform of the regulatory and supervisory framework put in place since the Asian financial crisis had been important in rebuilding and strengthening the financial sector and brought about a sounder and more resilient financial system. Such strength has enabled the economy to successfully weather the impact of the global financial crisis and helped place the economy on a recovery path. Key to these reforms had been the consolidation of the banking sector, initiatives to deepen and broaden the capital market, the reform of the regulatory and supervisory standards under Basel 2 and IAS 39, and the reform of the legal framework in the financial sector. To further strengthen the financial sector, the reform effort is continuing under the broad agenda of the Financial Master Plan Phase II which focuses on improving the financial system's level of efficiency through greater competition, reducing the system cost by addressing the problem of non-performing loans, expanding access to financial services, and strengthening the risk management capacities of banks through developing better and more complex financial markets and infrastructure, the importance of which is underscored by the current global financial crisis.